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ABSTRACT

Insurance is necessary to protect school district assets and assure the ongoing educational program. It may be purchased economically and serve its designed purpose only if trustees and administrators understand its function and seek professional help in its application. This report discusses in lay terms the nature of insurance as one means, among others, of protecting school district funds and property to the advantage of all persons interested in the best possible educational program, and discusses some areas wherein board members, administrators, teachers, parents, and students may seek cooperative methods to protect their educational facilities. While there are many types of insurance, for the purpose of this report, a brief review is made of only three major areas of coverage consisting of fire insurance, liability insurance, and workmen's compensation. For each of the three areas the report discusses California State statutory requirements and coverage limits. The paper also discusses briefly the concept of risk management. (Author/JF)

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THE INSURING OF SCHOOLS: EVERYBODY'S BUSINESS

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Prepared for

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by

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THE INSURING OF SCHOOLS:
EVERYBODY'S BUSINESS

CHAPTER I
INTRODUCTION

The problems associated with the protection of assets of our educational complex and the judicious expenditure of funds for this purpose should be the concern of not only school administrators and governing boards, but of the classroom teacher, the student, and the tax paying public.

It is the purpose of this publication to relate in lay terms some of the problems and suggested solutions in the hope that interested persons may have a better understanding and appreciation of the need, and a keener interest in the development of more adequate and sophisticated measures to provide maximum protection with the most economic expenditure of public funds.

Whenever a loss occurs involving school property, whether insured or not, it represents loss of funds that could be used for educational purposes. Everyone loses when public property is destroyed, and it is detrimental to the educational process and the ability to maintain a meaningful program of instruction.

Insurance, as one method, is necessary to protect school district assets and assure the ongoing educational program. It may be purchased economically and serve its designed purpose only if trustees and administrators understand its function and seek professional help in its application.

The basic principle guiding the school district insurance program is the same fundamental tenet that governs all areas of school administration. Does the activity promote or benefit the educational program? Is it essential to the educational effort?

It is not practical here to present a technical or detailed study of insurance, but rather to discuss the nature of insurance as one means, among others, of protecting school district funds and property to the advantage of all persons interested in the best possible educational program, and to discuss some areas wherein board members, administrators, teachers, parents and students may seek cooperative methods to protect their educational facilities.

There are many types of insurance and a school district should seek the professional advice of an agent, broker, or consultant to devise a program which best fits the needs of the district. For the purpose of this publication, a brief review will be made of only three major areas

of coverage consisting of fire insurance, liability insurance, and workmen's compensation. It would seem important, also, to discuss briefly the concept of risk management.

PURPOSE OF INSURANCE

The basic purpose of all insurance is to protect against catastrophe or unexpected loss. When the extent of loss is expected, or can be predicted with reasonable accuracy, there is little purpose in insuring against it. It is better to charge such losses off to current operations, a primary consideration of risk management. Insurance enables the district to budget a known amount for annual premium and to know that in the event of a serious loss the district will be reimbursed without an unforeseen demand made on the district finances to repair or replace property damaged or destroyed.

GENERAL STATUTORY BASIS

It must be recognized that direction and judgment are dictated first by legal requirements. While there is considerable range in optional coverages that may be secured at the discretion of the local board, the law is specific concerning certain areas where insurance coverage is mandatory. It is imperative that school personnel be familiar with legal requirements including current changes in the law. It is desirable that agents and brokers participating in the district insurance program be familiar with, and maintain an interest in, legislation governing the administration of school systems. But it is a mistake for the school administrator to assume that they always are.

Generally, it is required that the district insure its property and carry liability insurance. There are numerous statutes permitting coverage in other areas or mandating protection for students under certain conditions and for employees under provisions of workmen's compensation.

STATEMENT OF POLICY

One of the most important considerations of a governing board, and yet one most frequently overlooked, is the establishing of board policy concerning insurance. Many problems will be avoided, and situations causing embarrassment to board members and administrators precluded, if a properly developed policy statement is adopted.

It is a function of the governing board to formulate policy and to adopt the rules under which the insurance program will be administered. The policy statement should be clear and concise and should preclude any necessity for interpretation. It should include a statement of purpose or intent - namely, to provide protection that is economically feasible in order to maintain facilities and activities essential to the educational program. It should list those coverages which are considered mandatory, and should list those that depend on the discretion of the board. There should be a statement as to the policy of insurance

distribution among local agents and brokers, or the method by which interested persons may seek to participate in the program. The rules should be reviewed periodically and brought up to date to keep in line with changing needs of the district, new legislation, or any changes in the method of administration.

PLACING INSURANCE COVERAGE

A problem frequently confronting school boards involves the awarding of insurance contracts. Who should receive the business, and should the placement of coverage be through bid or negotiation?

As a fundamental principle, school business is public business and no individual has an inherent right to share in this activity merely because he is a taxpayer. The district should follow methods that will provide the maximum protection and service with the lowest premium cost commensurate with the level of protection and service demanded.

Because public education is historically local in nature and community centered, it is often necessary, and in many situations desirable, to restrict participation in a program to those persons living in or having their business activity within the local area. However, in some cases it may be more advisable to seek outside sources to service the district because of a lack of qualified representatives within the area. This is a matter of discretion and the choice is generally dictated by the position of the school system within the community, and the availability of professional insurance representatives who are capable of providing the necessary advice and service to the district. The primary consideration should be that of securing the best program and service to fit the needs of the district. When local pressures are permitted to defeat this primary consideration, it inevitably will be detrimental to the program and the district.

BID OR NEGOTIATION

The problem of whether to bid or negotiate for coverage is a constant one, and is best considered in the light of three factors. First, the condition of the market for the particular type of insurance under consideration. Often this is difficult for the school administrator to determine, although frequently he may have some knowledge of trends from his contacts with fellow administrators and neighboring districts. It may be necessary to seek professional counsel from an agent, broker or consultant. When there is an apparent competitive situation or an indication of frequent or extensive deviation from established rates, it may be well to seek bids. There is no legal requirement to secure bids since insurance is neither work to be done nor supplies to be purchased.

Second, it must be understood that insurance is not a commodity that may be purchased on the basis of price alone. The financial stability of the company and the management and service record of the company, agent, or broker are prime considerations. If bids are sought,

rigid standards should be established concerning financial standing and reputation of companies from whom bids will be accepted.

Third, in many instances, particularly where the district has access to the facilities of a reliable broker, negotiating for quotations may lead to better results than formal bidding procedures. Carriers may offer quotations to a broker which they would be reluctant to include in a formal bid. The advantage of competition is obtained without placing the district in a position where price alone may become the determining factor in selection of the carrier.

Although it is generally required that the same rate must be applied to all risks of a similar nature, there are usually enough differences among the exposures of various districts so that variation of charges for certain types of hazards beyond normal and credits for safety and fire prevention installations result in each district being individually rated and priced.

MAINTAINING A STABLE PROGRAM

Board members and school administrators frequently are faced with the problem of answering persons and companies who express interest in participating in the district insurance program. Although it has been indicated that no one has an inherent right to any share of a district's insurance coverage, it is necessary that a policy be established so that participation is open to fair competition. A rather successful approach to this problem is the adoption of a general policy stating that the program of the district is open to inspection at all times, and that if at any time it can be shown that the same coverage and service is available at a substantial reduction in cost, or substantially more protection can be offered at the same cost, consideration will be given to putting the coverage out for bid. It should be noted that substantial change is required, and that all the district is offering is a statement that it may put the coverage out for bid under these circumstances. It is important that a good program be disturbed as little as possible, and only under conditions that indicate substantial improvement or savings should policies be changed before normal expiration.

There is much to be gained through establishing a strong program and continuing with the same companies, agents, or brokers as long as proper coverage and service are maintained. Frequent changing of carriers or agents without reasonable cause weakens the program and may result in difficulty for the district in finding carriers interested in writing the particular risk.

CHAPTER II

PROPERTY INSURANCE

STATUTORY REQUIREMENTS

Education Code Section 15802 provides that the governing board of any school district shall furnish, repair, and insure against fire the school property of the district, and may insure the property against other perils. Insurance may be of a deductible type. It is further provided under Section 15802.1 that the governing board may establish a fund in the county treasury to cover the deductible amount or any losses due to uninsured perils. Section 15802.2 permits such reserve fund to be established under a joint powers agreement of two or more districts.

LEVELING THE COST

Fire insurance represents an important item in the school budget. The cost, however, may be budgeted as a known annual cost or as an item of recurring expense. Without fire insurance protection the cost involved in repairing or replacing structures lost through fire would be an unexpected and sudden expense for which the district might experience difficulty in providing the required funds. With a planned program of fire insurance, the cost of losses is spread so that the expense remains constant on an annual basis and subject to regular budgeting procedures.

FIRE AND EXTENDED COVERAGE

Fire insurance basically covers loss from fire and lightning. There are numerous endorsements and riders that may be added to the basic policy to provide protection in other areas. The most common of these is the extended coverage endorsement which is attached to most fire policies. This endorsement has the effect of extending the basic coverage of fire and lightning to include loss from windstorm, hail, explosion (other than of steam boilers and similar pressure vessels normally protected under boiler and machinery insurance), riot, riot attending a strike, civil commotion, aircraft, vehicles, and smoke. Such coverage is limited to the insured property.

VANDALISM

Where extended coverage is included in the fire insurance policy, a further endorsement may be added covering vandalism and malicious mischief. This extends the protection to cover willful physical damage to, or destruction of, the insured property but excluding glass breakage.

In considering purchase of this type of coverage, it should be determined whether a proper insurable situation exists, and whether the coverage warrants the premium cost. If it is determined that the cost of vandalism damage remains rather constant from year to year and can

be predicted with reasonable accuracy, there is little purpose in carrying insurance. If it is determined that vandalism losses are of an unexpected nature and could result in catastrophic expense, then insurance coverage probably is warranted. In such case, deductible coverage should be considered in order to reduce the premium cost by eliminating the expense of handling numerous small claims.

SPECIAL CONSIDERATIONS

School administrators should consider four primary recommendations beyond the provisions of the standard fire insurance policy in purchasing protection for a school district.

1. Where sufficient rate credit is offered, considerable premium saving may be effected by the use of deductibles. The amount of the deductible is determined by the rate credit, the loss experience of the district, and the ability of the district to absorb some part of each fire loss.

2. Coverage should be written on a replacement cost basis to avoid the charging of depreciation against a fire loss payment. This can be a substantial amount and could result in a serious financial problem to the district in event of the loss of an older building.

3. An Agreed Amount Clause or endorsement should be secured and maintained up to date. This warrants that the amount of insurance carried meets the co-insurance requirement whether in fact it does or does not. This will avoid the possibility of a co-insurance penalty which could be substantial in event of a serious loss.

4. The replacement cost endorsement should include a waiver of the requirement to rebuild on the same site.

There are interesting innovations in the providing of fire insurance protection to schools. Some effort is being made to promote certain pooling arrangements. Some districts have indicated interest in a joint powers agreement in an effort to pool experience and stabilize rates. It is important that all administrators keep current on such developments to make certain that the method of coverage for any particular school district best fits the needs of the district and statewide educational effort.

CHAPTER III

LIABILITY INSURANCE

STATUTORY REQUIREMENTS

Education Code Section 1017 provides that the governing board of any school district shall insure against:

1. The liability, other than that covered by workmen's compensation, of the district for damages for death, injury to person, or damage or loss of property; and

2. The personal liability of members of the board and of the officers and employees of the district for damages for death, injury to a person, or damage or loss of property caused by the negligent act or omission of the member, officer, or employee when acting within the scope of his office or employment.

It is permissive under Section 989 et seq., of the Government Code for the district to insure against the liability resulting from any act or omission of the board and of the officers and employees of the district within the scope of employment. It is important that this coverage be included in all school district liability insurance policies or be added by properly worded endorsement.

COVERAGE LIMITS

It is important to recognize that the size of the school district is in no way related to the amount of liability insurance which should be carried. If there is a potential liability, it is as great in a small district as in a large one. The only difference is in the volume of the exposure which makes an accident less likely to happen with the same frequency in a smaller district. The potential judgment for any single incident is the same regardless of enrollment.

It is important, also, to guard against restricting the amount of coverage for property damage. A district operating a single vehicle could be involved in an accident with a gasoline tank truck which could result in multiple loss or perhaps the destruction of an entire building. In such an event a very substantial property damage claim could result. A recommended practice is the purchase of a single limit coverage which makes the total amount of coverage available for any accident or occurrence.

The changes in social attitude along with inflation have resulted in constantly increasing amounts for judgments being rendered by the courts. It becomes increasingly difficult to determine adequate limits for school district liability coverage. Excess limits are available at quite nominal cost and should be considered thoroughly in the promulgation of any liability insurance program. It is suggested that at the present time no school district in California should carry less than $5,000,000 single limit coverage and higher limits are recommended.

MINIMIZING EXPOSURE TO LIABILITY

The greatest number of liability claims against school districts are involved with alleged lack of supervision. It is impossible to establish criteria for supervision based on numerical considerations because of the great variation in situations and exposures requiring supervision and related to educational activities. It should be noted that because of the nature of education, school personnel are held to a higher standard of care of which supervision is only a part. It is important that school personnel be able to justify the extent of supervision provided and be able to demonstrate that it was reasonable and adequate under the particular set of circumstances.

The current concept of school on wheels and the effort to provide a total sphere of educational experiences for each student materially increases the liability exposure of the district. In addition to recognizing the additional hazards created and providing the greatest practical measure of supervision, school districts may tend to minimize exposure to liability by:

1. Consider all trips off campus with the exception of extra-mural athletics as field trips, making certain that the parent sign a consent form in each case which specifies that the activity is a field trip and which includes the wording of Education Code Section 1081.5 to the effect that all persons participating in the field trip are deemed to have waived all claims against the school district and the State of California.

2. Establish an aggressive loss prevention and safety program. A successful program must have the enthusiastic support and direction of the governing board and the superintendent. The person assigned direct responsibility for the accident prevention operation must be given full authority to promote and carry out an adequate program. Included in the duties of the safety director should be the following:

    a. Provide for regular planned inspections.

    b. Work closely with the safety engineer and claims representatives of all insurance carriers.

    c. Meet and work with safety committees.

    d. Maintain liaison with health services personnel to check first-aid supplies and procedures.

    e. Coordinate activities with supplies and equipment personnel to prevent unsafe or unauthorized equipment being placed in schools.

    f. Expedite corrective measures following report of an accident.

    g. Supervise the maintenance of accident records and statistical information and the distribution of safety materials.

h. Assist in safety training of all new personnel in all areas of school activities.

i. Anticipate unusual hazards in connection with construction or other activities and set up special safety regulations for the activity.

j. Assist in establishing standards governing the hiring and training of personnel involved in transportation and participate in a review committee to evaluate vehicle accidents.

An aggressive and well-managed safety and loss prevention program is essential to the control and prevention of accidents. It is a moral responsibility and an obligation of the district to provide the safest possible surroundings for the administration of the educational program. This can be accomplished only through a meaningful and active safety operation.

CORPORAL PUNISHMENT

Education Code Section 10854 provides that the governing board of any school district shall adopt rules and regulations authorizing teachers, principals, and other certificated personnel to administer reasonable corporal or other punishment to pupils when such action is deemed an appropriate corrective measure.

Education Code Section 13557 provides that every teacher in the public schools shall hold pupils to a strict account for their conduct on the way to and from school, on the playgrounds, or during recess. A teacher, principal or vice-principal shall not be subject to prosecution or criminal penalties for the exercise, during the performance of his duties, of the same degree of physical control over a pupil that a parent would be legally privileged to exercise but which in no event shall exceed the amount of physical control reasonably necessary to maintain order, protect property, or protect the health and safety of pupils, or to maintain proper and appropriate conditions conducive to learning. The provisions of this section are in addition to and do not supersede the provisions of Section 10854 of the Education Code.

The administration of corporal punishment, and the restrictions applicable thereto, is clearly defined in California. If such punishment is administered by a person properly authorized and in the manner prescribed, and an injury results because the administration was performed in a negligent manner, protection would be afforded under a liability insurance policy. Such protection would not necessarily apply, however, if punishment were administered by someone not so authorized since the act may not be considered to be within the scope of that person's employment. All school personnel should be familiar with the provisions and the restrictions concerning corporal punishment in California schools.

PUNITIVE DAMAGES

School districts in California enjoy immunity from the assessment of punitive damages. This immunity, however, does not extend to school district employees and legislative effort to include employees has so far been unsuccessful. In order to prevail in a pleading for punitive damages it must be shown that there was actual fraud, malice, or oppression.

Since punitive damages are awarded as a form of punishment for a civil wrong, it is held generally that it is against the public interest to provide insurance against such a wrong. Comprehensive liability policies carried by school districts in California do not provide coverage for punitive damages but may provide for the cost of defense against such actions.

CRIMINAL COMPLAINTS

Insurance cannot be purchased to insure against the liability for a criminal act. Further, it would not appear possible to commit a criminal act that could be considered to be within the scope of employment. Whenever a criminal complaint is indicated, the employee involved should report the situation immediately to his superior and seek advice and direction from the school district legal adviser.

VEHICLE COVERAGE

Insurance on school district vehicles normally is included in the district comprehensive liability policy. District employees are covered fully while operating any district vehicles authorized. When using a personally owned vehicle on school district business it has been held that the employee's own liability insurance meets the mandatory requirement for insurance by the district. The coverage of the employee would generally be considered primary and the insurance coverage of the district would be involved only to protect for any action against the district, or to pay that part of any judgment in excess of the amount of insurance carried by the individual employee. It is most important that employees carry adequate personal limits to protect their own assets in the event they are involved in an accident which is not considered to be within the scope of employment.

WHAT TO DO IF AN ACCIDENT OCCURS

It is important that any incident involving injury or any situation which might result in a claim for damages be reported promptly to the principal or other administrator. The report should set forth all details indicating exactly what occurred but without trying to place any blame or responsibility. Identification of all available witnesses should always be included. The incident should not be discussed with anyone other than a school district official or someone representing the school districts liability insurance carrier and in possession of valid identification. Do not under any circumstances make any offer of settlement or indicate any admission of fault.

WHAT TO DO IF A CLAIM IS FILED

Government Code Section 910 et seq., covers claims filing procedures against public entities including methods of rejecting claims and time requirements. It is important that school administrators be familiar with these statutes, and that any claim made against either the district or an employee be reported promptly to the district's liability insurance carrier for necessary action. Prompt notification of claims and cooperation of the insured is required under terms of the comprehensive liability insurance policy. Proper handling of the rejection of claims may limit the period during which a claimant may file a lawsuit to a period of six months.

Under no circumstances should an employee make any offer or agree to any direct settlement of a claim. Such action could negate insurance coverage, be considered an admission of fault, and without proper release subject the individual employee to unlimited liability. All employees should be cautioned to refrain from discussing details of any accident or claim with anyone other than proper school authorities, police representatives, or authorized representatives of the district liability insurance carrier.

WHAT TO DO IF SERVED WITH A SUMMONS AND COMPLAINT

A summons and complaint is a legal document and requires specific action as mandated by statute. If the district or an employee is served with a summons and complaint, either in person or by mail, it is necessary that proper answer be filed within a period of thirty days. Failure to so respond to a summons and complaint may subject the recipient to summary judgment which the liability carrier could decline to pay. There is no instance in which a summons and complaint may be ignored. Immediately upon receipt of service, the summons and complaint should be forwarded by or through the district headquarters to the district's liability insurance carrier for reference to legal counsel.

CHAPTER IV

WORKMEN'S COMPENSATION INSURANCE

Workmen's compensation insurance covers liability imposed by law upon employers to compensate their employees for injury sustained from accidents arising out of and in the course of their employment, and generally without regard to negligence or fault of the employee. In California, workmen's compensation benefits apply equally to industrial illness.

STATUTORY PROVISIONS

Insurance Code Section 11870 provides that each school district may insure its liability for workmen's compensation with the State Compensation Insurance Fund and not with any other insurer unless such Fund refuses to accept the risk.

The Labor Code of the State of California governs the administration of workmen's compensation with Division IV applying generally to benefits, claims, and proceedings. Labor Code Section 3368 and Education Code Section 5992 provide for consideration of the district as the employer in connection with supervision of work experience education and training. Labor Code Section 3364.5 covers the employment status of volunteers.

Education Code Section 812 grants power to the County Superintendent of Schools to contract with approval of the State Compensation Insurance Fund to insure the liability for workmen's compensation of any school districts under his jurisdiction.

COVERAGE

Workmen's compensation generally provides for the payment of all medical and hospital expenses, along with temporary disability compensation for the period during which the employee is unable to perform his duties because of industrial injury or industrial illness. Aggravation of a pre-existing condition is generally considered the same as an initial injury and is compensable on the same basis. Coverage also includes ambulance expense, drugs, artificial limbs and braces, travel expense, and burial expense plus award to dependents in event of death.

If there is any residual effect from an injury, the employee is entitled to a permanent disability award based on the original concept of being less able to compete in the labor market. Such award, based on a rating manual, is provided even though the employee may return to his regular occupation with the same duties and pay.

If an employee fails to make a full recovery, temporary disability benefits are terminated when his disability is considered permanent and stationary, a situation where it is considered that the condition will get neither better or worse, or mandated after a specific period of disability. At such time, the employee becomes eligible for a permanent disability award which may be accomplished through a compromise and release by which a settlement is agreed upon subject to approval of the Workmen's Compensation Appeals Board, or it may result from a formal hearing before such Board. In such a hearing the employee may be represented by an attorney whose fee is set by the Board. The school district is represented by an attorney of the insurance carrier. While efforts are being made to settle cases without the necessity of a formal hearing, the number of cases being litigated appears to be increasing.

SUPPLEMENTARY BENEFITS

Education Code Section 13469.1 provides a minimum of sixty working days full salary for certificated employees subject to credit for temporary disability payments currently paid at a maximum of $105 per week and with no charge against illness leave benefits. Similar provision for classified employees is provided under Education Code Section 13651.2. In addition, many school districts provide an additional period at full salary if the employee is a victim of assault.

Rehabilitation programs are provided for retraining of employees whose injuries preclude return to former occupation.

SOCIAL INSURANCE

Workmen's compensation insurance may be considered a social form of protection with the statutes expressly stating that the law will be interpreted liberally in favor of the employee. It is important that school administrators be familiar with the purpose and the provisions applying to workmen's compensation insurance in order to protect the interests of both the employee and the district, and to make certain that the district's operations are in conformity with the law. Penalties may be assessed where violations of the Labor Code occur.

PROTECTION TO THE EMPLOYER

While it is apparent that compensation statutes have been designed primarily to provide protection to the worker, it should be noted also that under compensation law an employee has no recourse against an employer in connection with on-the-job injuries other than under the statutory benefits of workmen's compensation. He cannot file a liability suit other than against a third party who might be at fault, and benefits are limited to actual medical and hospital expenses plus temporary and permanent disability awards. There is no provision or allowance for any general damages based on pain and suffering.

ADMINISTRATION OF THE PROGRAM

The proper administration of the workmen's compensation insurance program is important because of the substantial cost to the school district in providing the statutory benefits prescribed, and because of the need for good employee relations and concern for the welfare of employees who have sustained injury or illness while on the job. The school administrator has a dual responsibility in making certain that benefits are not granted where they are not warranted, and yet determine that each employee receives all of the statutory benefits to which he is entitled. It is imperative that the administrator be familiar with compensation law, the benefits available, and the restrictions, and that he keep informed on legislative changes which continue to broaden the scope and benefits of workmen's compensation insurance. He should maintain close liaison with the district's compensation insurance carrier, and should expect and require the utmost cooperation and assistance from this source.

SELF INSURANCE

There is a continuing interest indicated by school district personnel in programs providing for self insurance of workmen's compensation liability. Such plans have been implemented in various forms and with varying success in a number of city and county operations but there is no record of any such program in California school districts. Under present statute, a merit rated system cannot contract for claims handling under a workmen's compensation program except on a limited interim basis,

and most districts have indicated little desire to assume the entire workmen's compensation operation. Few districts generate sufficient premium to realize any substantial saving.

Many districts participate in a county-wide program administered by the office of the County Superintendent of Schools. This program has been quite successful in stabilizing experience and generally resulting in some amount of dividend on each year's operations.

CHAPTER V

RISK MANAGEMENT

The concept of risk management should be understood and promoted by all governing boards and school administrators. It is in this area that the greatest contribution may be made by board members, administrators, teachers, students, and parents.

Risk management consists of four basic considerations:

1. Identification and Measurement

   Before a method of protection can be established it is necessary to identify all risks and exposures and measure the impact of loss on the educational program in the district. Knowledge of the extent of the risk or exposure enables the administrator to determine whether financial resources of the district are adequate to protect the uninsured portion of the risk. The ultimate goal is to use insurance only as a means of protection against the unexpected and catastrophic type loss.

   Acknowledgement and consideration of various areas of risk and exposure is helpful in focusing the attention of parents and students on potential losses which may occur in the district and in soliciting their assistance in eliminating or reducing such situations as may result in loss of some measure of the educational effort. Such losses directly affect the students and parents in the community and their interest must be promoted.

2. Reduction or Elimination of the Risk

   Having determined the potential areas of loss through identification and measurement of known risks and exposures, the district should establish a program to eliminate or reduce the impact of such loss. It should be noted that potential areas of loss may involve either situations subject to control through physical improvements, or situations that require change of attitude on the part of students and parents in better appreciation of and respect for educational processes and institutions, and renewed interest on the part of teachers and administrators in the conservation of our educational facilities. The solution to the prevention of physical loss of property is no longer confined solely to good housekeeping.

3. Assumption of Risk

After identifiable risks have been reduced to the greatest practical degree, the district must determine the extent to which risk of loss for remaining exposures may be assumed. This may be determined only after careful analysis of frequency and magnitude of loss and the financial ability of the district to respond. It must be determined, also, whether reimbursement for such loss is to be handled as an item of recurrent expense, or whether the district will set up an adequate reserve fund on the basis of true self insurance.

4. Transfer of Risk

The final consideration in a risk management program is the transfer of those risks incapable of assumption to the professional risk bearer, an insurance company. This is the insurance function. There are certain areas of exposure where losses generally are infrequent but which are unexpected and have catastrophic loss potential. These are areas of loss which cannot be assumed by the district but must be transferred to an insurance carrier where through payment of a fee, the insurance premium, the carrier is able to spread the risk of loss among many districts and offer the greatest level of protection at the lowest possible cost to the district.

Perhaps the greatest benefit to be derived from a well established risk management program is the elimination or reduction of exposure to loss resulting from proper identification and measurement of potential loss situations. In this connection, the district must establish both immediate and long term goals for reduction of loss experience.

The immediate goal consists primarily of physical improvements in such areas as fencing, lighting, intrusion alarms, security patrols, and removal of obvious physical hazards from playgrounds and other school areas. These programs are expensive, but the result of such activity in many school districts is apparent in evident reduction in loss experience througnout California.

The long term goals are concerned primarily with education and attitude. It is essential that all teachers concentrate on efforts to improve the attitude of pupils to renew and foster an appreciation and respect for education and the teaching profession, and a respect for public property. All school personnel must foster improved community relationships and a concern for the preservation of public property and the educational process on the part of parents.

While it would be desirable to accomplish this goal through positive efforts to bring about a change in social attitude, it is necessary from a practical standpoint to resort to certain punitive type measures when cooperation cannot be secured through other means. Education Code

Section 10606 provides that the parent or guardian is liable for all damages to property of a school district by a pupil, and that such pupil is liable to suspension or expulsion. It should be noted that the liability of the parent is unlimited in reference to damage to school property.

The long term goal cannot be reached without determined effort on the part of all school personnel including board members, the superintendent, all levels of administration, and teachers, nor without the programmed cooperation of students, parents, and the general community effort. It is time to make this determined effort to reverse the trend and avoid the waste and detriment to our educational system which results from wanton disregard of everyone's social obligation to respect and protect public property. This is everybody's business and concern.

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